

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

BARRY FUKUNAGA
INTERIM DIRECTOR

Deputy Directors
FRANCIS PAUL KEENO
BRENNON T. MORIOKA
BRIAN H. SEKIGUCHI

IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

OAHU

ISSUANCE OF DIRECT LEASE; APPLICANT: MARISCO, LTD.
VICINITY OF PIER 3, KALAELOA BARBERS POINT HARBOR AREA,
HONOULIULI, EWA, OAHU, TMK NOS. (1) 9-1-14:24 (PORTION) AND 25

REQUEST:

Issuance of direct lease to Marisco, Ltd. for operation, use, maintenance and repair of
ship repair facilities at Kalaeloa Barbers Point Harbor

LEGAL REFERENCE:

Sections 171-11, 35 and 36, and Subsection 171-59(b), Hawaii Revised Statutes

APPLICANT:

Marisco, Ltd., a Hawaii corporation authorized to do business in the State of Hawaii

LOCATION AND TAX MAP KEY:

Fast and submerged lands in vicinity of Pier 3, Kalaeloa Barbers Point Harbor area,
Honouliuli, Ewa, Island of Oahu, identified by and designated as Tax Map Key
Nos. 1st Division, 9-1-14:24 (Portion) and 9-1-14:25, as shown and delineated on the
attached maps labeled Exhibits A and B

AREA:

1. Lot A contains a fast land area of 147,138 square feet or 3.378 acres, more or less; and,
2. Submerged land areas, designated as “Drydock” and “Barge,” both areas containing a total submerged land area of 67,332 square feet, more or less

ZONING:

State Land Use District:	Urban
City and County of Honolulu:	Waterfront Industrial (I-3)

LAND TITLE STATUS:

Section 5(x) “non-ceded” land of the Hawaii Admission Act (acquired after Statehood)

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ☐ NO ☒

CURRENT USE STATUS:

Subject public land presently encumbered by:

- Governor’s Executive Order No. 1346, setting aside portions of Honolulu Harbor fast land areas to the control and management of the Department of Transportation, Harbors Division, for commercial maritime and maritime-related purposes.
- Holdover Harbor Lease No. H-90-10 issued to the Applicant demising approximately the same fast and submerged land areas.

CHARACTER OF USE:

1. The right to operate, use, maintain and repair ship repair facilities at, in or on the Premises; and,
2. The right to conduct, after obtaining LESSOR’s prior written approval, any other operation or activity, which is reasonably necessary or incidental to the conduct of LESSEE’s ship repair activities and operations.

TERM OF LEASE:

Twenty-five (25) years

LEASE COMMENCEMENT DATE:

Retroactive to February 1, 2006

ANNUAL FAST AND SUBMERGED LAND LEASE RENTAL:

1. Total Annual Fast Land and Submerged Land Lease Rental for First Ten (10)-Year Period. During each of the first (1st) through and including the fifth (5th) years of the Lease term, beginning upon the retroactive commencement date hereof, LESSEE shall pay to LESSOR, for its occupancy and use of the Premises, a total annual fast land and submerged land lease rental in the total sum of \$220,535.00, which total sum is based on the following rental calculations:
 - a. Annual Fast Land Lease Rental for First Ten (10)-Year Period. During each of the first (1st) through and including the fifth (5th) years of the Lease term, beginning upon the retroactive commencement date hereof, LESSEE shall pay to LESSOR an annual fast land lease rental in the sum of \$179,480.00, based upon: a fast land rental rate of \$1.20 per square foot per annum; and,
 - b. Annual Submerged Land Lease Rental for First Ten (10)-Year Period. During each of the first (1st) through and including the fifth (5th) years of the Lease term, beginning upon the retroactive commencement date hereof, LESSEE shall pay to LESSOR an annual submerged land lease rental in the sum (\$41,055.00), based upon a submerged land rental rate of \$0.60 per square foot per annum.
2. Total Annual Fast Land and Submerged Land Lease Rental for Next Five (5)-Year Period. The total annual fast land and submerged land lease rental for the eleventh (11th) through and including the fifteenth (15th) years of the Lease term shall be determined when due at the time of reopening by an independent real estate appraiser, who is licensed in the State of Hawaii as a "Certified General Appraiser" and whose services shall be contracted for and paid by the Department of Transportation, Harbors Division.
3. Total Annual Fast Land and Submerged Land Lease Rental for Second and Next Five (5)-Year Period. During each of the sixteenth (16th) through and including the twentieth (20th) years of the Lease term, beginning upon the first day of the sixteenth (16th) year of the Lease term, LESSEE shall pay to LESSOR, for its

occupancy and use of the Premises, an annual rental based upon the product of the annual rental for the fifteenth (15th) year of the Lease term and 115%.

4. Total Annual Fast Land and Submerged Land Lease Rental for Third and Final Five (5)-Year Period. The annual lease rental for the 21st through and including the 25th years of the Lease term shall be determined when due at the time of reopening by an independent real estate appraiser, who is licensed in the State of Hawaii as a "Certified General Appraiser" and whose services shall be contracted for and paid by the Department of Transportation, Harbors Division.

PERFORMANCE BOND:

Sum equal to at least one-quarter (1/4) of the then total annual lease rental in effect

MINIMUM IMPROVEMENT REQUIREMENT:

None required

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawaii, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawaii Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawaii Department of Transportation, dated November 14, 1990, as approved by the Environmental Quality Council. Exemption Class #1 covers operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

REMARKS:


Marisco, Ltd. is occupying the premises on a holdover as former Lease No. H-90-10 expired on February 14, 2001. Marisco, Ltd. had originally sought a lease extension but negotiations became contentious and failed to progress. Marisco, Ltd., based on their

belief that the Harbors Division was not bargaining in good faith, withheld payment on their lease rent until issues could be resolved. The Division entered into a settlement in December 2005 with Marisco, Ltd. to provide the company with a new lease, effective February 1, 2006. Marisco, Ltd. recently made payment in full on all amounts due to the Division and is not presently in default with the State.

RECOMMENDATION:

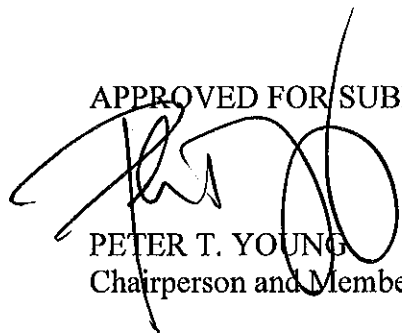
That the Board authorize the Department of Transportation to issue a direct lease to Marisco, Ltd., subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,


BARRY FUKUNAGA
Interim Director of Transportation

Attachments

APPROVED FOR SUBMITTAL:


PETER T. YOUNG
Chairperson and Member

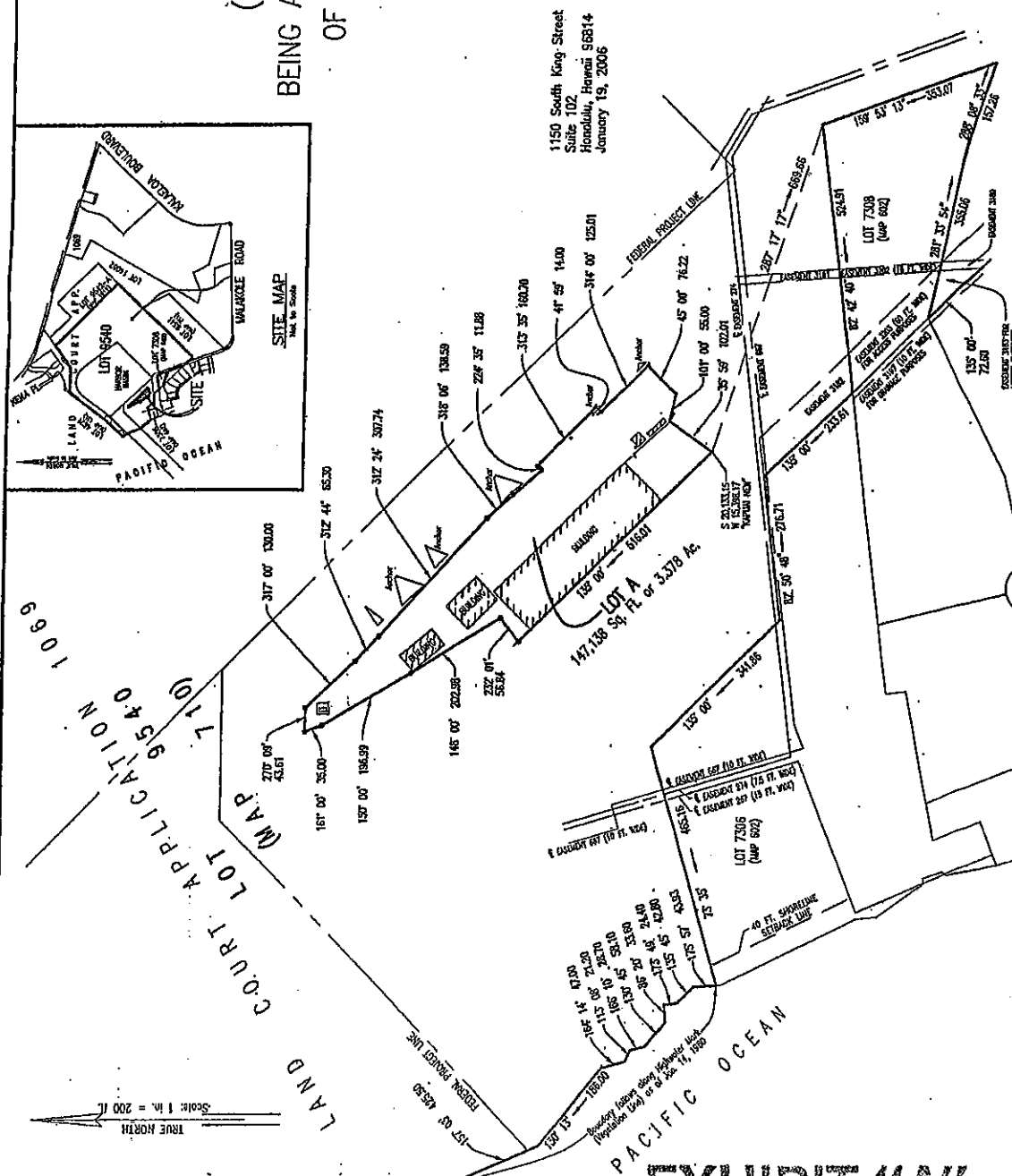
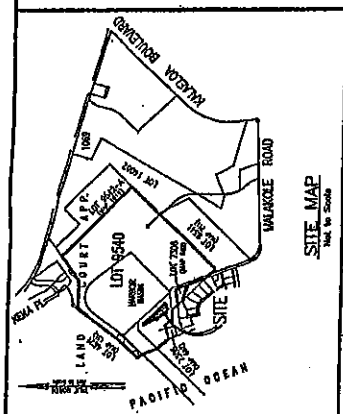
(MARISCO LIMITED-LEASE SITE)
BEING A PORTION OF LOT 9540 (MAP 710)
OF LAND COURT APPLICATION 1069

Honouliuli, Ewa, Oahu, Hawaii

CONTROLPOINT SURVEYING, INC.



By: Wilfred Y.K. Chin
 Licensed Professional Land Surveyor
 Certificate Number 3499-LS
 Land Court Certificate No. 177
 License Expires 4/06



CONTROLPOINT SURVEYING, INC.
1150 SOUTH KING STREET

TRAC: 9-1-14: 24 (por.) and 25

11" x 17" = 1.30 sq. ft.
 FB No. 2488:54

EXHIBIT "B"



BARGE

TOP OF BANK

Also

Area= 450 sq. ft.

RELOCATED

ETAIL

NEW METAL BUILDING

1111 Twenty

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